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## special legislative report

June 4, 1984

No. 103

### THE JUNE 1984 SPECIAL SESSION: A PREVIEW

The second called session of the 68th Legislature will convene at 11 a.m. today. It must adjourn by midnight on Tuesday, July 3. Gov. Mark White's call designated three specific topics: public-education reform, including school-finance revision and increased teacher compensation; measures to provide adequate highway funding; and appropriation measures to raise funds for the above purposes and to meet future state needs. The call also may be opened to other items.

This report focuses on the topic of public-education reform. It discusses highway funding briefly and notes topics that may be added to the call. The report also explains special-session rules and procedures.

Options for increasing state revenue are discussed at length in House Study Group Special Legislative Report No. 102, Raising State Taxes, May 30, 1984.



Ernestine Glossbrenner  
Chair

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## RULES AND PROCEDURES

Special sessions of the Legislature are governed by most of the constitutional and legislative rules that apply to regular sessions. In addition, there are rules that apply only to special sessions.

### The Governor's Call

The Legislature may meet in special session only when called into session by the Governor. Art. 4, sec. 8, of the Constitution gives the Governor the power to call special sessions "on extraordinary occasions." The Governor's proclamation calling the session (the "call") "shall state specifically the purpose for which the Legislature is convened."

Art. 3, sec. 40, says that the Legislature cannot meet in special session for more than 30 days. (This means calendar days, not "legislative" days, so a session that begins on June 4 must end by July 3.) This section also says that "there shall be no legislation upon subjects other than those designated in the proclamation of the Governor calling such session, or presented to [the Legislature] by the Governor." The Governor may expand the call to include additional topics. If the session does not produce the results desired by the Governor, he may call additional sessions. Back-to-back sessions are possible.

### Special-Session Subjects

#### Bills

The Governor's call must set forth only the "purpose of the session." The courts have held that the Governor need not "state the details of legislation..." (Ex parte Fulton, 215 S.W. 331). In an 1886 case, the Texas Supreme Court ruled that the "subject" of a special session called to reduce taxes was in fact "the whole subject of taxation," so that a bill raising taxes could be considered (Baldwin v. State, 3 S.W. 109).

Under current judicial practice, courts would decline to investigate whether a law passed during a special session had been properly considered by the Legislature. Under the "enrolled bill doctrine," the courts do not hear questions of whether a bill that passed both Houses and was signed by the Governor complied with the procedural rules set by the Constitution (City of Houston v. Allred, 71 S.W.2d 251; Maldonado v. State, 473 S.W.2d 26).

The sec. 40 limit on subject matter may be enforced in two ways. A point of order may be raised against any bill that a legislator feels is not within the scope of the call. And the Governor may veto any bill.

According to the "Explanatory Notes" in the annotated edition of the House Rules (page 118):

In order to abide by the spirit of this section [Art. 3, sec. 40] it becomes imperative that a presiding officer, as well as individual legislators, strictly construe this provision. The rule should be rigidly adhered to in special sessions of the legislature, and points of order raised against bills on the ground that they do not come within the purview of the governor's call or have not been specially submitted, should be uniformly sustained, where it clearly appears that the bill is subject to objection.

The limitation on subject matter is subject to interpretation by the presiding officer of each house. In one ruling cited by the annotated rules (page 219), Speaker Waggoner Carr ruled that "it was not the intention of this section to require the Governor to define with precision as to detail the subject of legislation, but only in a general way, by his call, to confine the business to the particular subjects....It is not necessary nor proper for the Governor to suggest in detail the legislation desired. It is for the Legislature to determine what the legislation shall be."

Carr ruled that amendments to a bill under consideration did not have to be weighed against the standard set by sec. 40. As long as the amendment was germane to the bill, and the bill itself was within the subject of the call, the amendment would be permissible.

The annotations state that the Speaker should review all bills filed with the chief clerk and admit to first reading only those that he determines are within the subjects of the call. In recent practice, however, speakers have routinely referred all bills to committee, regardless of whether their subject matter clearly comes within the Governor's call.

### Resolutions

House Rule 11, sec. 8, states that "the subject matter of house resolutions and concurrent resolutions does not have to be submitted by the governor in a called session before they can be considered." This rule follows an Attorney General's opinion (No. M-309 (1968)).

Until 1972, constitutional amendments could not be proposed during a special session. In that year the voters approved an amendment to Art. 17, sec. 1, allowing constitutional amendments to be considered "at any special session when the matter is included within the purposes for which the session is convened."

Proposed constitutional amendments may thus be considered in a special session only if they are within the Governor's call. The precedents discussed above for interpreting what is encompassed in the call apply to resolutions. But there is one significant difference. The Governor does not have the power to veto proposed constitutional amendments. (See Attorney General's Opinion M-1167 (1972)), which cites an earlier opinion (To Honorable F. O. Fuller, Feb. 13, 1917).) Therefore, it is up to the Legislature to decide whether a proposed constitutional amendment is within the scope of the special session.

### Time Limits

Art. 3, sec. 39, of the Constitution sets the effective date of all laws at 90 days following the adjournment of the session at which they were enacted. This applies to special sessions as well as to regular sessions. The Legislature may override this rule by a vote of two thirds of the membership of each house.

### Other Rules and Procedures

Bills may be prefiled 30 days before the start of the special session.

The Comptroller is required by Art. 3, sec. 49a, of the Constitution to submit a supplemental revenue estimate to the Legislature prior to the start of the special session.

The House Business Office said House members would receive an additional \$33 for office expenses for each day of the special session, a pro rata share of the additional \$1,000 a month allowed by the House rules for each month the Legislature is in session.

### Recent Special Sessions

Gov. Mark White has called one previous special session of the 68th Legislature. The first called session, June 22-25, 1983, was called originally to consider the sunset bill for the Texas Employment Commission, brucellosis control, and an appropriation for Texas Southern University. The call was later opened to several other issues, including creation of a state Human Rights Commission to consider job-discrimination complaints; extension of workers' compensation coverage to farm and ranch laborers; and requiring smoke detectors in hotels and motels.

The 67th Legislature was called into special session by Gov. William Clements three times. The first session, July 13-Aug. 11, 1981, was originally called on five subjects: repeal of the state ad-valorem tax, creation of a water trust fund, congressional redistricting, revision of the property-tax code, and the Medical Practice Act. The call later was opened to include additional subjects, and the House considered 15 bills and five proposed constitutional amendments.

The second called session, May 24-28, 1982, was called originally to deal with the state property tax and college funding but was eventually opened to other issues.

The third called session, Sept. 7-9, 1982, dealt with the Texas Employment Commission trust fund and one other bill.

## BACKGROUND

State government in Texas has long devoted substantial resources to public education. State support for elementary and secondary education now comprises 29.6 percent of the state budget. Gov. White is now calling for a sizable increase in state aid coupled with a general reform of the public schools. Key issues for the Legislature, besides the basic question of how to raise the needed funds, include: how to allocate the aid among school districts; how to raise teacher pay with due regard to merit; whether special aid should continue for vocational education; how to promote academic rigor through curriculum, grading, and accreditation policies; and whether to entrust the leading role in reform to the current elected State Board of Education or to an appointed board.

### How the Current Education System Evolved

Texas schools were widely perceived to be inadequate to meet the challenges of the post-World War II era, so in 1947 the Legislature created the Gilmer-Aiken Study Committee to propose fundamental changes. The result was enactment of the Gilmer-Aiken Act of 1949, the basis for the current state education system. The act established the Minimum Foundation Program (now called the Foundation School Program), based on the concept that state assistance would provide a floor amount of support for every school district regardless of wealth. Included in state foundation assistance are school-personnel salaries, maintenance and operating expenses, transportation costs, and certain categorical programs, such as bilingual and vocational education. Local school districts are expected to contribute part of the minimum, generally based on their ability to pay. They can also add locally raised money if they wish to spend more than the minimum required amount, and in fact they typically do.

The Gilmer-Aiken Act has been repeatedly studied and tinkered with, but the basic concept has remained, despite continuing dissatisfaction with the state of Texas schools. In 1961, in response to the recommendations of the Hale-Aiken Study Committee, several changes were made in the school-finance system, and teacher salaries were raised. In 1965, the same year that federal aid for elementary and secondary education began, concern about student achievement spawned the Governor's Committee on Public Education, chaired by Houston attorney Leon Jaworski. Partly in response to the three-year, \$1-million study by this committee, in 1969 state aid to education was expanded, teacher salaries were raised, and public kindergarten was added.

In 1971, a federal district court ruled the Texas school-finance system unconstitutional because of the wide disparity in funding per student between school districts with valuable property as a tax source and those districts with little property wealth. The U.S. Supreme Court in Rodriguez v. San Antonio Independent School District (1973) voted five to four to reverse the lower court, ruling that the Texas system was "chaotic and unjust"



but not unconstitutional. Despite the state's victory in court, study committees were formed to propose changes, and Gov. Dolph Briscoe created an Office of Educational Research and Planning to try to correct some of the deficiencies at issue in the Rodriguez case.

The various studies resulted in another major revamping of school finance in 1975. Perhaps the most significant change was the addition of a new program granting extra equalization aid to some poorer school districts. In 1977, more than \$1 billion was added for state education aid. But changes in the funding formula passed during a July 1977 special session actually caused the gap between rich and poor districts to widen. The 1979 Legislature made refinements to close the gap somewhat; it also shrank the local tax base by adding new exemptions to the property tax.

After the enactment of school-finance changes in 1979, the focus of attention shifted to upgrading education quality. The 1979 Legislature directed the State Board of Education to study curriculum reform and competency testing of teachers. Gov. Clements created the Governor's Advisory Committee on Education, which also studied these topics. The Governor's committee report in 1980 recommended, among other things, significantly increased teacher pay, smaller class size, curtailment of social promotion, and a code of student conduct.

As a result of these interim studies, the 1981 Legislature enacted several bills. HB 246 streamlined the subject areas of the core curriculum in public schools and directed the State Board of Education to designate minimum course requirements. SB 50 authorized the state board to require competency testing prior to entry in a teacher-education program and prior to certification to teach. SB 477 expanded bilingual-education programs. The Legislature also amended the Education Code to allow school-finance formulas to be set in the appropriations act, allowing greater flexibility. Minimum salaries for beginning teachers were raised 8.5 percent, and teachers with ten years of experience received a 12.7-percent raise.

The Legislature in its 1981 special session created a Select Committee on Public Education. Chaired by Lt. Gov. Bill Hobby, the select committee in November 1982 recommended higher teacher salaries and fringe benefits, scholarships and loans to attract exceptional high-school graduates to teaching, and encouragement of computer literacy and science and technology courses.

Both the Hobby committee and the State Board of Education called for versions of an educational-excellence fund to be used by districts to supplement the salaries of exceptional teachers. The state board in its legislative recommendations also called for a 25-percent pay raise for beginning teachers in fiscal 1984 and an 8-percent raise in fiscal 1985. SB 391 and HB 716, the principal school-finance bills of the 1983 regular session, included authorization for an education-excellence fund, but neither bill passed.

During the 1983 regular session, Gov. White proposed an average 24-percent increase in minimum teacher salaries and sought a tax hike on items such as cigarettes, liquor, and amusement machines to fund the raise. Responding to reductions in estimated revenues for the 1984-85 biennium, White later made two other tax proposals (see House Study Group Special Legislative Report No. 102, Raising State Taxes, May 30, 1984). But the House, where tax bills must originate, refused to support the proposals. The 1984-85 appropriations act funded no pay raises for teachers other than the usual grade and step increases based on length of employment and level of training.

### The Perot Committee

At the end of the 1983 regular session Speaker Gib Lewis proposed that legislative consideration of a tax increase to fund teacher raises be preceded by a comprehensive, in-depth study of all of the needs of public education. Gov. White and Lt. Gov. Hobby initially balked at the proposal, contending that enough education studies had already been made, but they eventually agreed to the new study. On the last day of the session, the Legislature passed HCR 275, reconstituting the Select Committee on Public Education. Among the committee's 21 members were Gov. White, Lt. Gov. Hobby, Speaker Lewis, Rep. Bill Haley and Sen. Carl Parker, the chairs of the House and Senate education committees, and State Board of Education chair Joe Kelly Butler. Among those appointed to the committee were Comptroller Bob Bullock and Rep. Stan Schlueter, chair of the House Ways and Means Committee. Gov. White named as chair of the committee H. Ross Perot, head of Electronic Data Systems of Dallas.

The Perot committee held its first meetings in July 1983, just as a spate of national reports on education appeared. The most influential was A Nation at Risk: The Imperative for Educational Reform, by the National Commission on Excellence in Education appointed by Secretary of Education Terrel Bell, which warned that "the educational foundations of our society are presently being eroded by a rising tide of mediocrity." The report offered a number of recommendations that influenced the Perot committee, including strengthened core curriculum; a longer school day and school year, with more time actually devoted to learning; higher standards for teacher training; higher teacher salaries, including a career-ladder system with highest compensation for master teachers; a grant and loan program to attract higher-caliber students to teaching; and higher spending on education. The report made unflattering comparisons of U.S. schools and students with those of other nations and termed low educational quality a threat to future economic development.

A report issued by the U.S. Department of Education in January 1984 ranked the states by several criteria for the period of 1972 to 1982. Of the 22 states that administer the Scholastic

Aptitude Test, Texas ranked 16th in 1982, down from 14th in 1972. With an average pupil-teacher ratio of 18.4 to 1, Texas placed 25th out of the 50 states and the District of Columbia. Texas ranked 42nd in the number of ninth-graders who eventually graduate from high school, with a drop-out rate of 31.8 percent. While 17th in per-capita income, Texas was 38th in spending per student and 30th in average teacher salary.

With the results of such studies in mind, the Perot committee held wide-ranging hearings and named subcommittees to formulate recommendations. As the expected date for completion of the committee's report was pushed back, from late in the summer of 1983 to April 1984, so was the date of an anticipated special legislative session to consider the committee's proposals. Chairman Perot was not reticent about criticizing the current education system, and the committee tackled controversial issues. Among the hotly disputed topics were limits on extracurricular activities; teacher-education standards and competency testing; one-track versus multi-track curriculum; lengthening the school day and the school year; reduced state support for vocational education; equalization-aid formulas; after-school remedial classes; and a shift in emphasis from secondary to elementary grades. A proposal to change the State Board of Education from an elected to an appointed body was also strenuously debated.

The Perot committee issued preliminary recommendations in March, but these initial proposals, costing \$2.4 billion in the first year alone, were considered too expensive to implement and were whittled down somewhat in the final recommendations. Among the more expensive preliminary items was a proposal to reduce the maximum pupil-teacher ratio to 15 to one, which would have cost an extra \$906 million. Adding to the pressure to lower the costs of the recommendations was the Comptroller's 1984 estimate that only \$15 million in additional revenue would be available for the remainder of the current biennium, meaning that a state tax increase would be necessary to implement the recommendations. Another factor was the Legislative Budget Board projection that the state could face a revenue shortfall of more than \$2 billion during the 1986-87 biennium (assuming that spending would increase only enough to keep up with inflation and population growth and that the recent revenue-growth rate of 9 percent would continue).

The Select Committee on Public Education issued its final recommendations on April 19, proposing that, because of their expense, the contemplated reforms be phased in according to their relative importance. Top spending priority was given to a new equalization-aid system (price tag: \$400 million in fiscal 1985); a career-ladder program and teacher raises (\$350 million); lengthening the school year by five days (\$47.5 million); limiting class size to 20 pupils in the first and second grades (\$120.8 million); annual student testing (\$7 million); voluntary prekindergarten for disadvantaged four-year-olds (\$53.3 million); and various

administrative changes. The total bill: \$987.3 million in fiscal 1985. Other proposals, to be phased in later, were: a parent-education program, a six-year textbook cycle, and a loan program to encourage exceptional students to enter teaching, all starting in fiscal 1986; extension of the school day by two hours for remedial classes, full-day kindergarten for five-year-olds, maximum class size of 20 pupils in the third and fourth grades, and upgraded teacher-education programs, all starting in fiscal 1988. The committee also recommended an appointed State Board of Education and a reorganization of school management along more efficient lines, with revised standards for evaluating students, teachers, and administrators to help pinpoint deficiencies.

### Recent Developments

On May 11, Gov. White proposed a tax package to raise \$4.854 billion over three years, including \$1.31 billion in new revenue during fiscal 1985. Of this new revenue, education would receive \$828.5 million in fiscal 1985 and a total of \$2.944 billion in fiscal 1985-87. The Governor's proposal included many SCOPE recommendations, including an appointed State Board of Education, competency testing for teachers, a raise in the base teacher salary to \$15,200 along with a career-ladder plan, reduced class size with emphasis on the early grades, increased equalization aid, a scholarship and loan program to attract exceptional students to teaching, standardized testing of students, alternate teacher certification for noneducation majors, improved efficiency in vocational education, and local district performance reports.

Neither Gov. White nor the SCOPE committee has drafted a bill incorporating their respective proposals. On April 26, Rep. Haley had unveiled a draft bill that included a teacher raise like the one later proposed by the Governor, but the Haley version had less emphasis on competency testing. This Haley draft, among other things, would have increased equalization aid, required annual testing of all students, and limited extracurricular activity.

At a joint hearing of the House and Senate education committees on May 17, Rep. Haley and Sen. Parker issued a revised draft bill. The Haley-Parker draft was similar in most respects to the original Haley proposal except that it added a teacher-competency test and a scholarship and loan program to attract exceptional students to teaching.

Consultants retained by SCOPE chair Perot have drafted a proposed bill that reflects many of the SCOPE recommendations. Rep. Bill Hammond has prefiled HB 1, which incorporates much of the Perot draft bill, including an appointed State Board of Education.

Perot has traveled across the state in recent weeks promoting the SCOPE proposals, using the slogan "millions for reform, but not one penny for the status quo." His position is that without fundamental changes in the current education structure, including an appointed state board, increased spending for education would be wasteful.

Speaker Lewis and Rep. Schlueter have said that no tax bill will be considered until the Legislature completes action on an education package.

An additional inducement for action by the Legislature to equalize education funding was introduced in the form of a lawsuit filed in state district court in Austin on May 23. The suit, brought by the Mexican American Legal Defense and Educational Fund and several property-poor school districts, alleges that the current equalization system violates the Texas Constitution by perpetuating discrimination in educational opportunities between students in rich and poor districts.

## SCHOOL FINANCE

### The Current System

The primary vehicle for state financial aid to public education in Texas is the Foundation School Program. This program defines a minimum or basic level of education that every student is entitled to and funnels state dollars to local school districts to help pay for it. Local districts also pay part of the cost of the basic education program. The size of their contribution depends on the size of the local property-tax base.

The Foundation School Program defines basic education through a series of statutory formulas. For example, one formula specifies the number of teachers and other personnel needed to provide basic education to students at each grade level. Other formulas govern personnel requirements for handicapped students or vocational-education students. Still other formulas specify basic levels of support for school operating costs, transportation, bilingual education, driver education, and education for economically disadvantaged students.

The cost of the Foundation School Program in a given school district depends on the size and characteristics of its student population. This cost is divided between the state and the local school district. The local portion, called the Local Fund Assignment, is based on the size of the district's property-tax base as determined by the State Property Tax Board. For the current biennium, the Local Fund Assignment equals the amount of money yielded by applying a tax rate of 11 cents per \$100 valuation to the district's property-tax base.

It is important to note that school districts are not required actually to raise this amount of money. The Local Fund Assignment is figured only to determine the remaining share of a district's Foundation School Program costs that the state will pay. In practice, though, most school districts raise enough property-tax money to meet their Local Fund Assignments, and many raise much more.

### Equalization

The Foundation School Program is intended to "equalize" the ability of rich and poor districts to provide quality basic education. For districts with a poor property-tax base, the Local Fund Assignment is relatively low and the state picks up a larger proportion of the costs of the Foundation School Program. For districts with more substantial property wealth, the local share is larger and the state contribution is proportionately smaller. However, several factors diminish the Foundation School Program's equalizing effect.

For example, since 1975 the Education Code has contained a "hold-harmless" provision, which says that a district's share of Foundation School Program costs cannot increase more than 20 percent in any year, no matter how much property values in the district increase. This hold-harmless provision limits the loss of state funds for districts whose property wealth is increasing rapidly and thereby reduces the equalizing impact of the Foundation School Program. Because of this hold-harmless provision, the state paid \$18 million more for the Foundation School Program in the 1982-83 school year than it would have otherwise.

The equalizing effect of the Foundation School Program is undercut even more by the Education Code's minimum-aid provision. Under sec. 16.254(d) of the Code, a school district may not receive less state aid than it did for the 1980-81 school year, no matter how much its property wealth has risen. This provision cost the state \$17 million for the 1982-83 school year and is expected to cost \$37 million for the 1983-84 school year.

The combined effect of the hold-harmless and minimum-aid provisions is to prevent any increases in the Local Fund Assignments of school districts. A district can receive more state aid if its property values are declining, but it cannot receive less if the reverse is true. Thus the state's school-finance mechanism equalizes in only one direction.

Another factor that diminishes the equalizing effect of the Foundation School Program is the constitutional requirement (Art. VII, sec. 5) that the Available School Fund be distributed on a per-capita basis, regardless of district wealth. The Available School Fund consists of the earnings from the Permanent School Fund, one-fourth of state motor-fuel taxes, and other tax revenues dedicated by statute. For the 1982-83 school year, the Available School Fund totaled \$1.4 billion and accounted for 39 percent of the state money spent on the Foundation School Program. Since aid from this source must be distributed without regard to local revenue-generating capacity, it contributes nothing to equalization.

Even if all state money were distributed in inverse proportion to school-district property wealth, the Texas system of public-school finance would remain unequal, because state aid accounts for only about two-thirds of the money spent on public education. Many school districts raise revenue above and beyond their Local Fund Assignments. This extra revenue is commonly referred to as enrichment money because it is used to enrich the basic education program mandated by the state. For the 1982-83 school year, enrichment funds (excluding debt service) totaled

about \$2.25 billion, according to the Comptroller's office. The total cost of the Foundation School Program for 1982-83 was about \$4 billion. Thus local school districts spent about half as much on enrichment as the state and districts together spent on the Foundation School Program. Since the ability of districts to raise extra revenue for enrichment varies greatly, about a third of the money spent on public education in Texas is unevenly distributed.

To lessen these disparities in the availability of local enrichment funds, the state instituted an Equalization Aid Program in 1975. This program allocates state enrichment money to school districts with below-average property wealth. However, there has not been enough equalization aid to make up for local differences in enrichment funds. For instance, in the 1982-83 school year, equalization aid totaled \$252 million; local districts generated about \$2.25 billion in enrichment funds. The Equalization Aid Program is discussed in more detail on page 18.

### Proposed Changes in School Finance

The Haley-Parker and Perot draft bills propose major changes in the Texas public-school finance system. Both bills would replace a key feature of the current school-finance system: the use of the "personnel unit" as a funding mechanism.

#### Personnel Units

Under current Foundation School Program formulas, each school district is entitled to a certain number of personnel units, depending on the size and characteristics of its student population. For example, a district gets one personnel unit for every 18 first-graders, and one for every 21 fourth-graders. ("Personnel unit" is not a synonym for teacher; the term also refers to support and administrative staff.) The Foundation School Program formulas allocate personnel units for each grade level, for vocational education, and for special education. Adjustments in personnel-unit entitlements are made for small school districts and for sparsely populated ones.

Personnel units translate into state dollars when they are plugged into a statutory salary schedule. Since about 70 percent of Foundation School Program money is spent on salaries, the number of personnel units a district is eligible for largely dictates how much state money it gets.

#### "Best Buy" Policy

The personnel-unit method of allocating state dollars tends to diminish the equalizing effect of the Foundation School Program because of the state's "best buy" policy. The process works as



follows: The Education Code assigns a uniform personnel unit value (PU) to each job category. For example, all superintendents of large districts count as 2.5 PUs; all bachelor's-level teachers count as one PU. But suppose two teachers, even though both are counted as one PU, command different salaries on the state salary schedule because one has more experience. The state allows districts to redeem their PUs according to a "best buy" system, which means the district can choose to have the state pay for the teacher with the higher salary.

Given this choice of "spending" one PU on either an experienced teacher or a beginning teacher, a district will let the state pay the experienced teacher and pay the beginning teacher out of its own locally generated funds. A wealthy school district is more likely than a poor one to have experienced teachers, because it can supplement salaries with more local enrichment funds. So a wealthy district and a poor district could be entitled to the same number of personnel units, but the wealthy district's personnel units would translate into more state money.

#### Haley-Parker Draft Bill

The Haley-Parker draft bill would abolish the personnel-unit funding mechanism. Instead, districts would be entitled to a basic allotment per student. The number of students in a district would be calculated on the basis of average daily attendance, weighted for grade level and for participation in bilingual-education programs, in gifted-and-talented programs, and in programs for the educationally disadvantaged. The bill would also adjust average-daily-attendance figures for small, sparsely populated, and densely populated districts. Under the draft bill, the Foundation School Program would allot \$1,145 per student for the 1984-85 school year, \$1,186 for 1985-86, and \$1,227 for 1986-87. However, these figures are likely to be revised before the bill is filed, according to Senate education committee staff.

In addition to the basic allotment, the Haley-Parker bill would allocate flat, dollar amounts per student (the count being based on weighted average daily attendance) for special education and for a new educational-improvement program. Half the educational-improvement money would have to be spent on career-ladder supplements.

Transportation spending would be governed by limits set by the Legislature instead of by statutory formulas.

The Haley-Parker bill's equalization-aid program would increase the maximum equalization allotment per student and would no longer impose a legislative spending ceiling on equalization aid. The bill would also repeal the hold-harmless and minimum-aid provisions that now prevent increases in Local Fund Assignments regardless

of local property-tax capacity. It would also increase the index tax rate (in effect, the expected tax effort) used to compute the Local Fund Assignment: Unless the Legislature set a different rate in the appropriations bill for figuring this local share, the rate would be 11 cents per \$100 valuation for the 1984-85 school year, 12 cents per \$100 for the 1985-86 school year, and 13 cents per \$100 for the 1986-87 school year.

Because the Haley-Parker bill would increase equalization-aid spending and would abolish the personnel-unit system and the hold-harmless and minimum-aid provisions, it would enhance the equalizing effect of the Foundation School Program. However, many of the current system's features that work against equalization would still exist under the bill.

### Perot Draft Bill

Like the Haley-Parker draft bill, the Perot bill would replace the personnel-unit funding mechanism with a basic allotment per student. The proposed basic allotment is \$1,715 per student. The bill would count the number of students in a district on the basis of the average number registered over a school year, instead of using average daily attendance. The basic allotment per student would be adjusted for bilingual education, special education, and compensatory education. (Compensatory education is a program for economically disadvantaged students, defined as those eligible for the federal free and reduced-price lunch program.) The Perot bill would also adjust the basic allotment for small districts and for geographic variations in the cost of providing basic education.

Under the Perot bill the Legislature could set the basic allotment by appropriation, taking into consideration "average accountable costs" that schools incurred each year for accredited education programs. Each biennium, the State Board of Education would report to the Legislature on districts' accountable costs.

This accountable-costs provision would have the effect of expanding the Foundation School Program to include many costs now paid out of local-enrichment funds. The Perot bill seeks to equalize school finance by making the Foundation School Program cover more of the real costs of education, thus minimizing the inequalities caused by local-enrichment funds.

Under the Perot bill the local share of the Foundation School Program would be based on the ratio of a district's property wealth per student to statewide average property wealth per student. This ratio would be multiplied by a factor of 40 percent of the district's Foundation School Program costs. This means that

a district whose property-tax wealth per student exactly equaled the statewide average would pay 40 percent of its Foundation School Program costs. Districts with below-average property wealth would pay less than 40 percent and those with above average wealth would pay more. For example, a district whose wealth was nine-tenths of the state average would, applying the 40-percent multiple, pay 36 percent of its foundation costs ( $.90 \times .40 = .36$ ). The point of redefining the Local Fund Assignment this way is to put more of the responsibility for providing a basic education on wealthier school districts and release more state aid for poorer districts.

Currently the state pays 88 percent of actual Foundation School Program costs, and Local Fund Assignments make up 12 percent. However, the Comptroller's office says that when local-enrichment funds are considered, districts actually pay about half the costs of public education. (These figures differ from those given by TEA. But TEA counts only local tax revenues as funds; the Comptroller's office includes money from local fundraising efforts and some federal funds.) The Comptroller's office says there would be a 60/40 state-local split in actual expenditures if state spending under the current system were increased by roughly \$1 billion per year. The Perot bill's 40-percent figure for the local share was derived from this estimate.

Under the Perot bill, the equalization allotment would be used for enrichment. A district's share would depend on its local tax effort and its relative property wealth. Transportation funding under the Perot bill would be the same as in the Haley-Parker bill.

Like the Haley-Parker bill, the Perot bill would repeal the minimum-aid and hold-harmless provisions in current law. Because the Perot bill expands the local share of the Foundation School Program and bases allocations on relative property wealth, it would tend to equalize school finance more than the Haley-Parker bill.

The Perot bill would provide "equalization transition" funds of up to \$50 million a year for three years to help districts offset state fund losses. A district would have to raise its own tax rate by at least 8 percent to qualify for transition funds. The bill would also allow districts to raise local school taxes to make up for reduced state spending without facing tax-rollback elections.

## State Board of Education Proposal

On June 1, the State Board of Education tentatively approved legislative recommendations of its own regarding school finance. The board favors the current personnel-unit funding mechanism, and it opposes any basic allotment per student based on attendance. The board recommended an increase of \$33 per student for school operating costs and an additional \$67 allotment per student to fund a career-ladder proposal. Current operating-cost allotments are \$244 per student for the 1983-84 school year and \$251 per student for the 1984-85 school year. The board also recommended a 10-percent increase for transportation.

The board recommended that the aggregate local share of actual total costs under the Foundation School Program remain at about 12 percent and that maximum equalization aid per student be raised to \$800. (Current equalization-aid maximums are \$349 per student for the 1983-84 school year and \$362 per student for 1984-85.) The Legislature would have to raise the equalization-aid spending ceiling in the appropriations bill for this increase to take effect. The board would require districts to make a certain minimum tax effort before they could receive equalization aid.

## THE EQUALIZATION AID PROGRAM

### The Equalization Mechanism

The Legislature created the Equalization Aid Program in 1975 to counteract the disparity in the ability of school districts to raise local-enrichment funds. Eligibility for this aid is based on a formula that compares a school district's property value per student to the state average property value per student. A school district's property value per student must be no more than 110 percent of the state average to qualify for equalization aid. The lower a district's property value per student, the more money the district receives.

The Legislature set the maximum amount of equalization aid per student at \$349 for the 1983-84 school year and \$362 for the 1984-85 school year. In addition, the Legislature set an equalization-aid spending ceiling of \$271 million for 1984-85. Since the amount districts qualified for under the equalization-aid formula exceeded \$271 million, each district's share was reduced proportionately. According to Tom Patton, director of state financing for the Texas Education Agency, the state is currently paying 96 percent of the amount districts qualify for under the formula.

The legislative appropriation for equalization aid is inadequate to match the amount of enrichment funds that the wealthier school districts have been raising. According to TEA figures, school districts raised enrichment funds totaling over \$2.25 billion for the 1982-83 school year, or an average of \$840 per student. Equalization aid, however, totaled \$252 million, or an average of \$94 per student.

### Proposed Changes

Under the Haley-Parker proposal, maximum equalization aid per student would be increased from \$362 to \$500 for the 1984-85 school year. The spending ceiling for equalization aid would be deleted, so the state would have to give each school district the full amount it is entitled to under the equalization-aid formula.

District property value per student would be based on a district's current tax rolls instead of the State Property Tax Board's biennial survey of district tax wealth. Basing eligibility on more up-to-date property values would, in effect, mean that districts with rapidly rising property values would have their state-aid entitlement reduced more promptly.

The Haley-Parker proposal also expresses a legislative intent that equalization aid be used to hire and keep quality classroom teachers. Such an "intent" provision, however, would not be legally binding.

The Perot draft would change the entire equalization-aid formula. Districts would be entitled to equalization aid if their taxable property value per student were less than the statewide average property value per student. The maximum aid a district could receive would be 15 percent of its Foundation School Program allocation.

The Perot draft would also figure a tax-effort adjustment into its formula. Those districts that levy taxes at a lower rate than the state average would have their equalization aid reduced proportionately. This formula would reduce aid to those wealthier districts that can raise more than enough money even at low rates, while increasing aid to districts that already impose high local taxes but do not have much property wealth.

### The Equalization Lawsuit

The inequalities of the state's public-school finance system were challenged unsuccessfully in federal court 11 years ago in the Rodriguez case. In a five-to-four decision, the U.S. Supreme Court ruled that even though the state's method of funding public schools was "chaotic and unjust," it did not violate the U.S. Constitution.

Now the state's school-finance system is again under challenge, this time in state court. On May 23, the Mexican American Legal Defense and Educational Fund sued the state on the ground that the system violates the Texas Constitution and the Texas Education Code. MALDEF sued on behalf of eight poor school districts and numerous parents and children residing in those districts. All eight districts named in the suit fall below the state average of taxable wealth per student.

MALDEF is arguing that the state is not providing children in poor school districts with an "efficient system of public free schools" (Tex. Const. Art. III, sec. 1) or with programs and services "that are substantially equal to those available to any similar student" (Tex. Educ. Code sec. 16.001). MALDEF also maintains that since there is a concentration of low-income and Mexican-American residents in poor school districts, the state is discriminating against them on the basis of poverty and national origin. This, MALDEF says, violates the equal-protection provision of the state Constitution (Art. 1, sec. 3), which says that "all free men, when they form a social compact, have equal rights, and no man, or set of men, is entitled to exclusive separate public emoluments, or privileges, but in consideration of public services."

Texas courts have traditionally left the meaning of an "efficient system of public free schools" to the determination of the Legislature. They have treated the state's equal-protection clause as equivalent to the federal equal-protection clause, under which the state school-finance system already passed muster in the Rodriguez case. However, a Texas court could find

that equal protection under the Texas Constitution is broader than in the U.S. Constitution.

A 1977 Texas Attorney General opinion said the Legislature has broad authority in determining how to allocate state funds for public education (Opinion No. H-1022). In keeping with the Rodriguez ruling, the Attorney General opinion said that any school-finance formula the Legislature adopts should specifically indicate the legitimate state purpose that is being served and should clearly reflect the rational relationship between that legitimate state purpose and the formula chosen.

## TEACHER PAY AND PERFORMANCE

### Background

SCOPE chair H. Ross Perot and others maintain that the current state teacher-pay system, which awards raises to teachers mainly according to longevity and degrees earned, ignores the crucial issues of teacher qualifications and quality. This teacher-pay system gives little incentive to strive for improvement, Perot says, and unless changed will undercut efforts at educational reform.

Members of the Texas State Teachers Association, the Texas Federation of Teachers, and other groups contend that the best-qualified students are not being attracted to teaching because teacher pay is no longer competitive with pay for jobs in business. Teacher organizations consequently have urged support for an immediate, 25-percent, across-the-board pay increase both to attract better candidates to teaching and to keep experienced teachers from deserting the ranks for higher-paying jobs in school administration or private business.

Perot and other critics of teacher performance, while conceding the need for across-the-board raises, also have insisted on some form of "merit pay"--which awards raises to teachers more for performance and competence than the credentials and seniority used in the state's current system.

Two Texas school districts have developed performance-based incentive plans. Under Houston ISD's Second Mile Program instituted in 1978, teachers qualify for bonuses if pupil attendance improves; if students at their schools improve their scores on standardized tests; if they teach at schools in poverty areas or teach a subject in which there is a shortage of instructors; or if they take extra college courses in their field. Houston ISD officials say they spent nearly \$10 million on the program in 1982-83, and they give the program credit for reducing absenteeism and improving teacher morale. Dallas ISD in 1983 created an Outstanding School Performance Award program, under which teachers and support staff get up to \$1,500 each if their school scores among the top 25 percent in the district on standardized achievement tests.

American Federation of Teachers president Albert Shanker, commenting on the merit-pay proposal going into effect in the Dallas ISD, said teachers in the district would be given an incentive bonus to "ignore the bright kids--they will learn anyway; forget the slower kids--they require a disproportionate amount of time to produce any significant results; and concentrate as much as possible on the middle group of students." Other criticisms of merit-pay schemes also dwell on the perils of defining merit in a way that does not really improve education or measure how much teachers do for their pupils. Fear of favoritism is another recurring theme in teacher comments on many merit-pay plans.



## Specific Proposals

In March 1984 four state teachers' organizations (the Texas State Teachers Association, The Texas Federation of Teachers, the Texas Classroom Teachers Association, and the Association of Texas Professional Educators) endorsed a proposed "career ladder" developed for SCOPE by a private consulting firm. The career ladder emphasizes competence as shown on tests and in appraisals but includes consideration of work experience and degrees held.

Career ladders are included in three major proposals on teacher pay that will be considered during the special session: the Perot draft bill; HB 1, by Rep. Hammond; and the Haley-Parker draft bill. The three proposals also involve teacher testing and appraisal, loans to teaching-profession candidates, and other policies. Although in many respects the bills are identical, there are important differences.

### Teacher Testing and Certification

The 67th Legislature in 1981 amended sec. 13.032(e) of the Texas Education Code to require that new teachers pass a comprehensive examination as a condition of certification. The Perot draft bill and HB 1 would also require already-certified teachers to pass an examination as a condition of continued employment. Both proposals would require the State Board of Education to solicit and incorporate the advice of classroom teachers in developing the examinations.

The Perot draft bill would require teachers to pass the examination by June 30, 1986; HB 1 would require teachers to pass by June 30, 1985. The Perot draft bill would exempt for one year teachers employed because of emergency needs, while HB 1 would limit the exemption to one semester. Teachers could take the test more than once, but both bills would allow the state board to limit the number of times. Both bills would require the state board to give teachers preparation time for the exam. HB 1 would also require the state board to offer opportunities for remedial aid to teachers retaking the examination.

The Haley-Parker draft bill would require the state board to develop or adopt "an assessment instrument" to be administered on a one-time basis to already-employed and certified teachers before September 1986 (or later, should the state board fail to produce an approved examination by that deadline). The bill would require the state board to "consult extensively" with classroom teachers in preparing the examination.

Where the other two proposals make passing the test in itself a condition of further employment, the Haley-Parker bill proposes the test as a component of a broad appraisal process and forbids substitution of the test "for evaluation by observation." The

Haley-Parker bill does not specify that teachers must pass the test. It requires that teachers be given multiple opportunities to take the test and makes no provision for the state board to limit the number of opportunities. The bill would require the state board to provide opportunities for both preparation and remedial aid. The bill would not limit the time in which teachers exempted by local districts could teach on an emergency-need basis.

### Career Ladder

All three proposals would require that all teachers be assigned by their school districts to one of four levels of a new career ladder, for the purpose of determining salary. Assignment would have to be based on performance, teaching experience (though Haley-Parker says only "experience," not "teaching experience"), job-related education, and advanced academic training. Assignment to a certain level by the district would be final and could not be appealed to the state board. The assignment would not automatically transfer if a teacher changed jobs. The bills specify that the assignment to a certain level is not equivalent to tenure and not a grant of any property right.

The three proposals would require that the State Board of Education establish a statewide method and uniform criteria for appraising the classroom performance of teachers as part of the process of assigning them to career-ladder levels. The criteria would have to be based on observable, job-related behavior and would include "discipline management."

The Haley-Parker bill would include competency testing as part of the appraisal process and authorize districts to determine the weight to be given the criteria in arriving at career-ladder assignments.

Two appraisers for each appraisal would be required--one the teacher's supervisor and the other a classroom teacher knowledgeable in the teacher's subject area. Districts could allow more than the minimum number of appraisers. All three bills would require the state board to provide for training and certification of the appraisers and to include the teacher's self-evaluation in the appraisal process.

The Perot draft bill and HB 1 would require appraisers to use four performance categories: below expectations, satisfactory, exceeding expectations, and clearly outstanding. The Haley-Parker bill would add a fifth category--unsatisfactory.

The career-ladder levels would require different combinations of performance, experience, and professional training. In general, the Haley-Parker bill would start more teachers at level two than HB 1 or the Perot draft bill, because the Haley-Parker proposal takes into consideration all teaching experience rather than only experience after assignment to level one, and it imposes less-stringent extra training requirements. The Haley-Parker proposal also would allow more rapid advancement beyond level two.

Level-one entry, according to all three proposals, would simply require certification (including alternative types of certification proposed in HB 1 and the Perot draft bill) by the State Board of Education.

Level-two entry, according to HB 1 and the Perot draft, would require three years of teaching at level one, satisfactory performance ratings for two years, and further education. The education requirements could be met in two ways. Someone with a bachelor's degree would have to earn nine more semester hours of college credit and 135 actual hours of advanced in-service training. Someone with a master's degree would be required to earn six more semester hours of course work and 90 hours of training.

According to the Haley-Parker bill, someone with a bachelor's degree would need eight years of teaching experience and nine semester hours of course work or 135 hours of advanced training to reach level two. Someone with a master's degree would need six years of teaching experience and six semester hours of course work or 90 hours of advanced training.

For level-three entry, HB 1 and the Perot draft would permit two options based on performance ratings and experience. The first option would require six years of teaching at level two, with performance rated above expectations in the last three years and no rating below satisfactory, plus a combination of nine semester hours of course work and 135 hours of training. The second option would require at least three years at level two with outstanding performance ratings, plus three semester hours of course work and 45 hours of training.

The Haley-Parker bill would also allow two options for level-three entry. The first would require two years of teaching at level two, performance ratings exceeding expectations for at least three of the last four years, plus six semester hours of course work or 90 hours of training. The second option would require at least one year's experience at level two, outstanding performance ratings for two of the three preceding years, at least satisfactory ratings in other years, and three semester hours of course work or 45 hours of training.

HB 1 and the Perot draft bill provide that teachers could be dropped from level three to level two if they were rated below expectations in any one year or did not earn better than satisfactory ratings for two consecutive years. The Haley-Parker bill does not address this topic.

For level-four entry, HB 1 and the Perot draft would require a teacher to pass a master-teacher examination to be developed by the state board, including oral and written tests "and other assessments." The bills would permit two options for additional requirements based on performance ratings and experience. The first would require six years of teaching at level three, with clearly outstanding ratings in two of the years and satisfactory or higher ratings in the rest, plus six semester hours of course work and 90 hours of training. The second option would require three years at level three with outstanding ratings in all three years, plus three semester hours of course work and 45 hours of training.

The Haley-Parker bill would permit two options for level-four entry. Both would require a teacher to pass a master-teacher examination. The first would require three years at level three, with clearly outstanding ratings in two of the three years and satisfactory ratings in the others, plus six semester hours of course work or 90 hours of training. The second option would require two years at level three with clearly outstanding ratings in the last three years, plus three semester hours of course work or 45 hours of training.

To stay at level four, according to all three bills, a teacher would have to teach at least 60 percent of the school day and perform two master-teacher duties (such as supervising student teachers, acting as team leader or department chair, assessing level-four candidates, or conducting advanced academic training). There are two options for additional requirements. The first would require maintaining clearly outstanding performance ratings two out of every three years and earning three semester hours of course work and 45 actual hours of training. The second would require maintaining clearly outstanding ratings each year.

### Salaries

Current state law assigns each teacher to a pay grade based on educational attainment or job assignment and (with a few exceptions) provides salary increases within each pay grade in ten annual steps. In the 1984-85 school year, a starting certified teacher would earn a minimum salary of \$1,110 per month, for ten months.

Many local school districts supplement the minimum salaries provided by the state, so the state's average teacher salary is higher than the state minimum.

HB 1 and the Perot draft bill would replace the current pay-grade/step system with the four-level career ladder. They would provide current teachers a 10-percent increase over the minimum salary earned in the 1983-84 school year or else the following minimum salaries, whichever was higher:

level one:	\$1,520 per month (a \$410 increase for starting teachers)
level two:	\$1,620 per month
level three:	\$1,820 per month
level four:	\$2,120 per month

The Haley-Parker bill would set up a new 11-step salary schedule, raising salaries one step per year to achieve the following minimum salaries:

step 0:	\$1,520	step 6:	\$2,204
step 1:	\$1,634	step 7:	\$2,318
step 2:	\$1,748	step 8:	\$2,432
step 3:	\$1,862	step 9:	\$2,546
step 4:	\$1,976	step 10:	\$2,660
step 5:	\$2,000		

The bill would place each teacher at the lowest step that would give the teacher a raise of at least \$170 per month over 1984-85 salary levels. In addition, the Haley-Parker bill would provide the following annual supplements to teachers on levels two, three, and four of the career ladder:

level two:	\$2,000
level three:	\$4,000
level four:	\$6,000

#### Qualifications and Training for Administrators and Supervisors

For those who supervise teachers, the Haley-Parker bill would require the State Board of Education to set up a program of training in communication, counseling, goal-setting, and teacher review. The state board would also have to set up a certification process for people who completed the program.

The Perot draft and HB 1 would add new definitions of the roles, necessary qualifications, training, and duties of superintendents and other administrators. These bills would require that local district qualifications for the posts of superintendent and principal be flexible enough to allow an outstanding educator to qualify and to allow the experience of such educators to substitute for the educational requirements of the positions. Principals would be required to participate in teacher selection, set educational objectives for their schools, develop budgets, and organize school leadership structures, using senior and master teachers to develop teams. School districts would be required to give administrators in-service management training focused on instructional leadership and teacher evaluation.

#### Alternate Certification

HB 1, the Haley-Parker bill, and the Perot draft bill would all allow certification of teachers (in subject areas in which there is a recognized shortage) who have not graduated from approved teacher-education programs. Under all three proposals, candidates would have to pass all generally required tests, perform a one-year internship in a public school, and take training in teaching

methods and classroom management. HB 1 would require the training to be at least 12 weeks long for people wanting to teach grades kindergarten through six, and four weeks for those wanting to teach grades seven through 12. Both HB 1 and the Perot draft bill would also require candidates to undergo psychological testing prescribed by the State Board of Education. Under all three proposals, teachers without a college degree could not progress beyond level one on the career ladder.

HB 1 would also authorize and encourage districts to recruit noncertified professionals to teach secondary math, science, computer science, and related subjects. These noncertified teachers would be limited to three classes per day, and their pay would be proportionally smaller than a full-time teacher's. They would not be eligible for regular employee benefits. Local boards could not displace certified teachers in hiring noncertified teachers, and they could not hire noncertified teachers when qualified certified teachers had applied for the same position.

#### Teacher-Education Program Standards and Sanctions

HB 1 and the Perot draft bill would require that approved, college-level teacher-education programs be judged by standards at least as strict as those of the National Council for Accreditation of Teacher Education. Both measures would authorize the commissioner and the state board to warn, place on probation, and withdraw accreditation from programs that do not meet accreditation standards within a reasonable period of time. Students admitted to a program before accreditation was revoked would not be disqualified from certification. Both bills would require programs to report to the state board annually on program performance measures, such as achievement-test scores of enrolled students and number of program graduates working in public schools.

Beginning in the 1985-86 school year, HB 1 would also limit to six hours each the number of credits allowable for pedagogical-methods and student-teaching courses in approved teacher-education programs.

#### Educational Aid to Teachers

All three proposals direct state teacher-education programs to exempt employed public-school teachers from tuition and fees when they are taking courses required by the State Board of Education to qualify for a certificate. The exemption also applies if the courses taken are needed to teach a subject for which there is a recognized shortage of teachers.

### Financial Aid to Qualified Candidate Teachers

The Haley-Parker and Perot draft bills would authorize loans to students with a 3.0 grade-point average on a 4.0 scale while enrolled in an approved teacher-education program. (HB 1 would authorize scholarships instead.) The Perot draft also would require that the student have graduated in the top 15 percent of his or her high-school class. HB 1 would require candidates for aid to pass an achievement test. The Haley-Parker bill would require candidates to establish financial need and would limit loans to the amount not covered by a student's financial resources.

All the proposals would authorize the agency overseeing the loans to cancel repayment if the borrower earned a certificate and taught for four years in an area of recognized teacher shortage. HB 1 and the Perot draft bill would authorize loans from the Texas Opportunity Plan Fund (set up in 1965). The Haley-Parker bill would create a new revolving Future Teacher Loan Fund to be administered by the Coordinating Board of Texas Colleges and Universities and funded by a special appropriation.

### Educational Excellence Fund

Both the Perot draft bill and HB 1 would create a new Educational Excellence Fund to encourage private donations to support research and development in teacher education and teaching. The Legislature could match private donations to the fund with biennial appropriations. The proposed fund would be administered by the State Board of Education, which would solicit federal funding and distribute grants from the fund equitably among teacher-education programs and school districts. The state board would also develop concepts for research, assign timetables and standards for projects, and periodically review progress. HB 1 also would limit appropriations for the proposed fund to \$5 million.

## VOCATIONAL EDUCATION

Vocational education at the high-school level has come under heavy criticism from the Select Committee on Public Education and other quarters. SCOPE chair Perot has charged that in vocational education the state is "spending too much money to train children on obsolete equipment for jobs that don't exist."

According to a recent Texas Research League analysis, 25 percent of the secondary-school instructional dollar goes to fund vocational education. The report said a vocational course costs an average of \$425 per student compared to \$181 per student for academic courses.

At present there are about 500,000 students enrolled in vocational classes in Texas secondary schools. Approximately 200,000 are enrolled in home-economics and child-care courses, 100,000 are in classes that introduce students to various occupations, and the remaining 200,000 are registered in industrial and technical programs like auto mechanics and secretarial skills. About 11,000 vocational teachers are employed in 953 of the state's 1,070 school districts.

Supporters of existing vocational-education programs say the State Board of Education has already taken steps to tighten up voc-ed financing, modernize instruction, and stiffen requirements. And they say that local districts, which already use substantial amounts of local funds for vocational programs, will have to take up the slack if state aid is cut.

### Costs of Vocational Education

The total state budget for vocational education at the secondary level in the current biennium is \$536.4 million. This total includes Foundation School Program support of \$481 million, \$11.4 million in general revenue, and \$44 million in federal funds.

In the 1983-84 school year, vocational education had a budget of \$234.5 million under the Foundation School Program. Of this amount, 96.4 percent (\$226 million) was spent on teacher salaries. Another 1.6 percent (\$3.8 million) was spent on transportation and contracts to post-secondary institutions for instruction the school districts could not provide. The remaining 2 percent (\$4.6 million) was for instructional materials (each school district is entitled to \$400 per teacher for voc-ed instructional materials).

From general revenue each school district is entitled to a base amount of \$1,800 per year, plus \$50 for each vocational teacher. In the 1983-84 school year, this support totaled \$3.2 million. Another \$5 million in general revenue was budgeted for voc-ed equipment for the 1984-85 biennium; the entire sum was expended in the 1983-84 school year.



The federal money that the state receives for vocational education is distributed by a formula weighted in favor of economically disadvantaged students.

### Special Funding

Each school district with an accredited high school is currently entitled to state support for a minimum of two vocational-education teachers. To get state funds for additional vocational-education teachers, a school district must prove compelling need and ability to provide adequate facilities.

Certain special funding provisions apply to vocational-education programs. The bulk of this special funding is in the form of vocational-education personnel units. While regular academic teachers are counted as one personnel unit, vocational-education personnel count as half a unit. So a school district can get state support for two vocational-education teachers or for one regular teacher by "spending" one personnel unit. Vocational-education teachers are also more expensive because they are generally paid on 11-month or 12-month contracts. Regular teachers typically are paid on a ten-month basis.

### Proposals

The SCOPE committee's final report, while acknowledging that vocational education is essential to a well-balanced curriculum, recommended an end to special funding by the state. Both the Haley-Parker and Perot draft bills in effect follow this suggestion. By including vocational education in a basic school-finance allotment based on pupil attendance, the bills would take away the added weight now given to vocational education through the personnel-unit formula. (HB 1 does not address the issue of funding vocational education.) The result would be to shift more of the burden of supporting the programs to the local level.

Both draft bills would require vocational programs to be reviewed at least once every four years. Haley-Parker would require 30 students to start a new vocational education program and a minimum of 20 students to continue a program. HB 1 does not touch on these issues.

The State Board of Education, under newly adopted rules on vocational education, requires a program review every five years. The number of students required to begin or to continue a program varies.

The State Board of Education has also addressed in new rules other aspects of vocational education that have come under attack. For instance, vocational-education teachers are to be paid on ten-month contracts, unless special justification requires a 12-month contract.

A bill being drafted by the state Advisory Council for Technical-Vocational Education would elevate to the statutory level many of the state board's new vocational-education rules, require a master plan for vocational education to avoid duplication and maximize resources, and preserve a weighted funding formula to continue state support of vocational education at current levels.

## CURRICULUM AND ACCREDITATION

### Curriculum Changes

In its final recommendations, the Select Committee on Public Education called on the State Board of Education to "act to further improve the educational program for the children of Texas through transition from the current curriculum, and the curriculum recently approved by the Board, to a single course of study after an appropriate phase-in period." Although the SCOPE report did not elaborate on this summary recommendation, the implication was clear that the committee rejected "tracking" systems in which, for example, some students would pursue a "vocational" course of study while others followed an "academic" curriculum.

The priority given to this philosophical position by SCOPE chair Perot was evident at one of the committee's first meetings, in July 1983. For two hours in the House chamber, philosopher Mortimer Adler, editorial chair of the Encyclopedia Britannica, outlined his proposal for a core curriculum of classical liberal education for all. Adler contended there are essential components of knowledge, learning skills, and mental discipline that every citizen must grasp in order for a democratic system to thrive.

Critics of this single-track approach argue that it fails to recognize the reality of differing student ambitions, interests, and learning abilities. The academically superior students should not be held back, they say, nor should the vocationally oriented students be neglected by setting the same academically demanding curriculum for everyone. The single-track curriculum doesn't jibe with the pluralistic intent of the public-education system in America, these critics say.

Neither the Haley-Parker draft bill nor the Perot draft bill addresses the issues of curriculum content and tracking. Under broad guidelines, state law authorizes the State Board of Education to set policy in this area. The board recently completed action on a statewide curriculum plan that has been under development for several years.

### New Curriculum Regulations

On March 10, 1984, the board adopted rules setting new curriculum requirements for elementary and secondary education and new high-school graduation requirements for all Texas school districts. The new requirements are to be phased in over the next two school years, with the new graduation requirements applying to students starting high school in 1984-85. The board's action fulfilled a 1981 legislative mandate to come up with a statewide curriculum.

The 1981 legislation designated 12 basic subjects, including English, mathematics, science, social studies, fine arts, health, and vocational education, that must be offered by each school district. The bill specified that the State Board of Education must designate the "essential elements" of each subject. In order to be accredited, each school district must offer a "well-balanced curriculum," providing instruction in those essential elements at appropriate grade levels, as specified in the board's rules. The rules adopted by the State Board of Education in March list, at considerable length, the material that should be covered in the teaching of each subject at each grade level.

The board also set standards for the minimum amounts of time that must be devoted to instruction in basic academic subjects at the elementary-school level. In grades one through three, for example, schools must devote at least 120 minutes per day to teaching English-language arts, at least 60 minutes per day to mathematics, and at least 100 minutes per week each to science and social studies.

The board established a two-tiered set of high-school graduation requirements. All graduates must meet certain basic requirements. Students may complete an advanced program by meeting additional requirements. School districts may also set up special honors courses and programs. While all graduates will be awarded the same type of diploma, transcripts will show whether the student also completed the "advanced high school program" or the advanced program "with honors."

The new graduation requirements are more demanding than the old requirements in several respects. Students will have to complete 21 units of credit for a basic diploma, and 22 in the advanced program, as opposed to the previous minimum of 18 units. (A "unit" is equivalent to a one-year course or two one-semester courses.) The 21 units must include four years of English-language arts (previously three), three years of math (previously two), two years of science, three years of social studies (including a newly required semester of economics), one and a half years of physical education, one semester of health, and seven units of electives. The advanced program requires, in addition, a third year of science, two years of foreign language, a year of fine arts, and a year of computer science, with a reduced number of electives.

Critics contend the plan for two-tiered high-school graduation requirements is, in effect, a tracking system that will discriminate against minority and poor students and the less academically gifted. But Rep. Haley, who in 1981 sponsored the statewide-curriculum bill, has praised the state board's curriculum policy for combining quality education with flexibility.

## Scholastic Priorities

In an address to the Southern Governors' Conference at its meeting in Austin last September, H. Ross Perot said: "What are our priorities? We need a big change from the world of play that now characterizes the school day. Our children will have to live off their creativity, their brains, their wits."

Working from this point of view, the Perot committee made numerous recommendations in a section of its report entitled "Educating the Child." These included proposals to tighten policies regarding grading, academic promotion, and participation in extracurricular activities; require annual achievement tests; establish voluntary prekindergarten programs for four-year-olds; require five-year-olds to attend full-day kindergarten; and establish codes of parental conduct. To limit costs, the report recommended a phase-in of some proposals. These SCOPE recommendations, some in modified form, are embodied in the Perot draft bill and in Rep. Hammond's HB 1. The Haley-Parker draft bill also contains new requirements for extracurricular activities, achievement testing, and class size.

### Grades and Promotion

Under HB 1 and the Perot draft bill:

- A student who does not maintain a C average ("at least 2.0 on a 4.0 scale") for the school year could not be promoted from one grade to the next. Thus, a student whose grades consist of all Cs with the exception of a single D could not be promoted. Likewise, a student who does not maintain a 2.0 average in the work for a particular course could not receive credit for the course.
- A student whose average in a subject is less than 2.0 for a grade-reporting period would be required to attend tutorials after school at least twice a week during the next reporting period.
- A student with more than five absences from a class during a semester, including absences from part of a class period, could not receive credit for the class. (While the SCOPE recommendation is that no more than five absences be allowed for students "to participate in any activity, extracurricular or other," the bills make no distinctions among types of absences.)
- Students in primary grades could be advanced one grade on the basis of advanced-placement exams. Students in the sixth grade or above could get credit for a particular subject on the basis of an advanced-placement exam.

## Extracurricular Activities and Interscholastic Competition

Under HB 1 and the Perot draft bill:

--A student could not participate in or practice for a school-sponsored extracurricular activity until after the first seven hours of the school day (with no more than five exceptions per semester). These extracurricular activities would be suspended during the final-exam period and could be suspended for a week before that at the option of the school district.

--School districts could not schedule extracurricular activities on Monday, Tuesday, Wednesday, or Thursday, with certain exceptions.

--A student who received a grade of less than 2.0 in any academic subject during a grade-reporting period would be suspended from participation in any school-sponsored or school-sanctioned extracurricular activity during the subsequent reporting period.

The bills would also require that the governing body of any organization sanctioning or conducting interscholastic competition among public schools be appointed by the State Board of Education, and that its rules and procedures for sanctioning and conducting competition be approved by the board. This would put the University Interscholastic League, currently governed by the University of Texas, under the supervision of the state board.

The Haley-Parker draft bill would also limit student participation in extracurricular activities until after the first seven hours of the school day. It would require that UIL rules be approved by the state board.

### Achievement Testing

The Haley-Parker draft bill would require "criterion referenced" testing of students in the third grade for basic skills in English and mathematics, in addition to the current testing of fifth-graders and ninth-graders. The purpose of these tests is to assess competency in basic reading, writing, and mathematical skills. The bill would require annual, state-approved "norm-referenced achievement tests" in other grades. These latter tests would measure students' knowledge of particular academic subjects. The Perot draft contains a similar requirement.

HB 1 would go a step further, requiring students to pass a competency test in English and mathematics before they could receive a high-school diploma. The test would be administered by the State Board of Education, under the oversight of a newly created Competency Test Commission, made up of three members

appointed by the Governor. Students would take this "secondary exit level assessment instrument" in the eleventh grade and again in the twelfth grade if necessary. A student who completed the twelfth grade but could not pass the test would be given a "certificate of completion" instead of a diploma. Students could retake the test periodically until they passed.

#### Student Conduct and Parental Involvement

Both HB 1 and the Haley-Parker draft bill would require each school district to have an approved "discipline management program," including a "student code of conduct" setting forth the district's expectations. Parents would be required to be present when a student is enrolled in school each year, to participate in at least two parent-teacher conferences each year, to attend "parent training workshops for home reinforcement of study skills and specific curriculum objectives," and to sign a statement consenting to the responsibilities outlined in the program. The bills do not mention penalties for parental noncompliance.

#### Kindergarten and Prekindergarten

The SCOPE report recommended an optional prekindergarten program for educationally disadvantaged children beginning at age four, plus state-funded, compulsory, full-day kindergarten for all students beginning at age five. Current state law allows either half-day or full-day kindergarten as a local option. The state does not have a prekindergarten program. As part of its phased implementation, SCOPE recommends beginning the program of full-day kindergarten for five-year olds in the 1988-89 biennium. The estimated cost of this program is \$917 million for the biennium.

The Perot draft bill would require five-year-olds to attend full-day kindergarten. School districts would be required to offer either half-day or full-day prekindergarten for four-year-olds who are "educationally handicapped," i.e., non-English-speaking or from a family whose income is below subsistence level. Because of an inconsistency in the way it is drafted, it is not clear whether HB 1 intends to require a prekindergarten program or not. Rep. Hammond's office indicates the matter will be resolved in committee.

The Haley-Parker draft bill would require each school district that is required to offer a bilingual-education or special-language program to offer also a voluntary, eight-week, intensive summer program for children of limited English proficiency who will be eligible for admission to kindergarten or the first grade at the beginning of the next school year.

## Accreditation of School Districts

The SCOPE report recommended that the State Board of Education "establish a strengthened accreditation process and set clear standards for local school districts." The committee listed guidelines for school-district evaluation and proposed revised sanctions for districts that fail to meet state standards. SCOPE also recommended requiring school districts to publish annual performance reports and giving newly elected local school-board members state-approved training.

The Haley-Parker and Perot draft bills and HB 1 all would require local school districts to submit annual performance reports to the State Board of Education. The reports would include information on student test scores, attendance, employee turnover, discipline, and other matters.

The Perot draft and HB 1 contain revised accreditation requirements and sanctions not found in Haley-Parker. Under the Perot draft and HB 1, the state's accreditation standards would have to include consideration of (among other factors):

- the quality of learning on each of the district's campuses, based on indicators such as scores on achievement tests;
- the quality of the district's appraisal of teacher performance and of administrator performance;
- the effectiveness of district principals as instructional leaders; and
- the correlation between student grades and performance on standardized tests.

If a district did not satisfy accreditation standards, the commissioner of education would have discretionary power to appoint a master to oversee the operations of the district. A master, appointed either after a district's accreditation had been revoked or as a step preliminary to the loss of accreditation, would have the power to approve or veto any action of the local school board or superintendent. The state board could withhold state funds from any district whose accreditation it had revoked.

The Perot draft and HB 1 would also require each newly elected trustee of a school board to "complete a course in the duties of a school board member." The course would have to meet statewide standards set by the State Board of Education.



## THE STATE BOARD OF EDUCATION--ELECTED OR APPOINTED?

Art. 7, sec. 8, of the Texas Constitution says that the Legislature must provide by law for a State Board of Education. The Legislature has the discretion to provide for election or appointment of board members, as long as their terms of office do not exceed six years. The Legislature has tried both elected and appointed boards over the years. In recent discussions of the means and ends of educational reform, the Governor and others have been arguing for the appointive method on the grounds that the current elected board has not maintained educational quality and has been slow to embrace needed changes.

### The Current System

#### Powers and Duties of the State Board

The Texas Education Agency consists of the State Board of Education, the State Department of Education, and the State Commissioner of Education. The state board sets policies and adopts rules and regulations for TEA and appoints the commissioner to serve as chief executive officer of the department for a four-year term, subject to Senate confirmation. The state board also acts as the Board for Vocational Education.

The state board makes budget recommendations, adopts the annual operating budget for the agency, sets and enforces standards for school accreditation and teacher training, approves and purchases textbooks, adopts rules for teacher certification and competency testing, designates minimum curriculum standards, adopts rules for the 20 regional education-service centers, sets limits on athletic activities, recommends legislation to the Governor and the Legislature, directs investment of the Permanent School Fund, and apportions the Available School Fund.

The state board also has authority to review adjudicative decisions by the commissioner on grievances under school laws against certain actions by local school boards or by TEA (e.g., in personnel matters). The board's action in turn can be appealed to one of the district courts in Travis County.

#### Historical Perspective

The State Board of Education, created in 1866, was originally composed of the Governor, the Comptroller, and an appointed superintendent of public education. The Constitution of 1869 gave exclusive authority instead to an elected superintendent. The 1876 Constitution under which Texas continues to operate originally established a three-person board consisting of the Governor, the Comptroller, and the Secretary of State. The last pertinent amendment

was in 1929, when the Legislature was given discretion to determine by law the mode of selection for the board. From 1929 to 1949, the board was a nine-member body appointed by the Governor. The Legislature in 1949 changed the board to an elected body, with one member elected from each of the state's congressional districts (which now number 27). In 1949 the Legislature also replaced the elected superintendent of public instruction with a commissioner of education appointed by the elected board.

The proposed constitutional revision of 1975 would have required that the State Board of Education be elected. But this change went down to defeat in the referendum on the proposed new education article.

As the law now stands, board members must be at least 30 years old and must reside in their district for five years before their election. They cannot be employed by or hold office with the state or a political subdivision or engage in organized public-education activity. Members serve staggered, six-year terms; after every decennial reapportionment of congressional districts, the entire board must stand for re-election, and staggered terms are then established by lot. If a board position becomes vacant, the board itself fills the vacancy until the general election. The board members elect their own chair.

### Comparative Perspective

According to the 1982-83 edition of The Book of the States, 13 of the 49 states that have a state board of education elect their school boards (Wisconsin has no board). The states with elected boards are Alaska, Colorado, Hawaii, Idaho, Kansas, Massachusetts, Michigan, Nebraska, Nevada, New Mexico, Ohio, Texas, and Utah. A fourteenth state, Louisiana, elects eight board members, but the governor appoints three.

The governor appoints all of the state board in 30 states. In two states, Florida and Mississippi, the board consists entirely of ex-officio members. In New York, the board is selected by the legislature; in South Carolina, the board is chosen by a legislative committee. In Washington, the local school boards select the state board.

The trend since World War II has been toward elected state boards. The 27-member Texas board is the largest elected school board in the nation.

### Proposed Changes

The Select Committee on Public Education has recommended replacing the existing 27-member, elected State Board of Education with a board of nine members appointed by the Governor and confirmed by the Senate for six-year terms. The Governor in making

appointments would provide for representation of the various geographic areas of the state. Appointments would be made without regard to race, sex, religion, or national origin. The Governor would name the chair and vice-chair and would fill vacancies on the board.

As members of SCOPE, Gov. White, Lt. Gov. Hobby, Speaker Lewis, and Comptroller Bullock endorsed replacing the elected board with an appointed board. Rep. Haley and Sen. Parker, the chairs of the House and Senate education committees, oppose the change.

Rep. Hammond's prefiled HB 1, which in part reflects proposals originally made in a bill drafted by consultants for SCOPE chair Perot, would create a nine-member board appointed by the Governor. HB 1 would require the state Board of Education to take on certain rule-making functions and duties currently delegated to the commissioner or to TEA generally. The board would establish goals, adopt four-year plans for meeting those goals, and report to the Legislature on progress made. HB 1 would also require annual performance reports from each institution with a teacher education program. In a provision not found in the SCOPE recommendations, HB 1 would also eliminate appeals of the commissioner's legal decisions to the appointed board and instead require appeals to be taken directly to a district court in Travis County.

Speaker Pro Tem Hugo Berlanga will also introduce a bill changing the State Board of Education from an elected to a nine-member appointed body. Rep. Berlanga proposes that the Governor, Lieutenant Governor, and House Speaker serve on the state board ex officio as nonvoting members.

Rep. Doyle Willis, sponsor of the 1949 amendment to the Gilmer-Aiken Act that changed the State Board of Education from an appointed to an elected body, has prefiled a bill (HB 16) that would retain an elected board but would reduce its membership from 27 to nine. Members would be elected from nine districts, each comprising three contiguous congressional districts.

Harris Hill, president of the Texas Association of School Boards, has suggested that the state board continue to be elected but that the election be nonpartisan and be held in April, to coincide with local school-board elections. Another option would be some form of the hybrid "Missouri Plan," used in some states to regulate judicial tenure. The Governor would appoint board members, but the public at specific intervals would vote in a referendum to keep them or remove them from office.

## Arguments for an Appointed Board

Advocates of an appointed board say there is no point in enacting sweeping education reforms and pouring more money into the system if an unresponsive, cumbersome board can thwart the reform effort and maintain the status quo. They say the state needs a smaller, more innovative board that will use modern business-management techniques to get the most value for scarce state dollars. In states with smaller, appointed boards students have generally performed better on standardized tests. Critics blame many of the problems of the state education system on the board, claiming that it merely reacts to events instead of taking the initiative. They believe that only fundamental changes in the board's structure will make a real difference.

These critics say that in recent years voters have usually paid little attention to their choices for the state board, because the board has usually not been doing much of any consequence. They say these low-turnout elections reinforce inertia instead of establishing accountability. Through appointments to the board, these advocates say, the Governor would be held as accountable for state public-school policy as for the administration of the state's public universities, whose regents he appoints. Accountability is simply too diffuse with an elected board, they say; changes in policy direction can only be accomplished district by district in elections over a span of six years. Proponents of the appointive method argue that any appointee of the Governor, the state's most visible official, would undergo far closer statewide scrutiny than a board member elected from one of 27 districts.

## Arguments for the Existing Board

For those who favor the existing system, electing the state board is the best way to ensure representative government, responsive to the people. They cite the recent defeat in the Republican primary of board chairman Joe Kelly Butler as proof that the electorate is perfectly capable of changing the board when it wants to. Switching to an appointed board could result in a spoils system, they warn; nor is there any guarantee that every Governor will make educational appointees a high priority.

Defenders of the elected board assert that it has been made a scapegoat for the failings of the whole Texas education system, which have been caused not by the board but by lack of resources and lack of community consensus in favor of a stronger educational system. In fact, they say, studies conducted by the board have helped set the stage for recent legislative reforms in education, and the board has effectively carried out tough assignments, such as setting standards for curriculum and for teacher-competency testing.

Any attempt to select the board by appointment rather than election might run afoul of the federal Voting Rights Act, the foes of the appointive method say. The board now is elected from districts small enough to represent various state communities of interest; one black and four Hispanics currently serve. The U.S. Justice Department will review any change in election laws to determine if the change has a discriminatory purpose or effect. In several cases in Alabama, Mississippi, and South Carolina--one as recent as 1982--the Justice Department has objected to switches from electing to appointing boards and officials.

## OTHER SPECIAL-SESSION ISSUES

### Highways

Gov. White has included the highway-finance issue in his special-session call. On May 11, the Governor proposed to increase state motor-fuel taxes to ten cents a gallon. The increase would raise an estimated \$351.9 million in fiscal 1985 and \$904.1 million in fiscal 1986-87. Motor-fuel tax revenues are constitutionally dedicated, with three-fourths going to the highway fund and one-fourth to the Available School Fund. Thus the Governor's proposal would increase highway funding by \$263.9 million in fiscal 1985 and by \$678.1 million in fiscal 1986-87.

Highway advocates have sought as much as \$1.2 billion per year in additional funds in order to reach the funding level originally recommended by the Highway Department. Highway Commission chair Robert Lanier has suggested raising vehicle-registration fees to gain extra revenue for highways.

The Texas Municipal League and city officials are supporting a "pothole" bill to allocate \$100 million a year in state general revenue for local street improvements.

Another topic likely to be addressed is the state's highway-funding mechanism. Under the current system, the Highway Department is guaranteed a specific amount of state money each year. That amount was set at \$750 million in 1979 and is multiplied each year by an inflation factor called the Highway Cost Index. If the Highway Department's constitutionally dedicated revenues--the motor-fuel taxes, motor-lubricants tax, and motor-vehicle registration fees--do not generate the guaranteed amount, general revenue is transferred to the highway fund to make up the difference.

Because of this mechanism, the proposed doubling of the dedicated motor-fuel taxes would yield no extra revenue for highways--it would merely replace the general-revenue transfer. Some change in the funding mechanism is likely to be proposed in order to ensure that highway funding will increase if motor-fuel taxes are raised.

For more information on highway funding, see House Study Group Special Legislative Reports No. 90, Highway Finance, Feb. 10, 1983, and No. 102, Raising State Taxes.

### Cash Management

The Legislative Budget Board requested on May 30 that the Governor open his call to include management of state money.

The timing of revenue flow into and out of the General Revenue Fund is not synchronized; at times the fund goes temporarily into "deficit." This mismatch of income and expenditures is usually at its worst in April. The anticipated temporary shortfall in the General Revenue Fund in April 1985 is \$1.2 billion. Normally the State Treasury can cover these temporary shortfalls in the General Revenue Fund by borrowing money from other state funds established by statute. However, the Legislature appropriated almost all available funds last session, the state no longer enjoys a general-revenue surplus, and not enough could be borrowed from the other funds to cover the shortfall.

In similar situations in the past, the state has asked banks to hold its checks for a few weeks in special demand accounts until new revenue flows in to cover the shortfall. But the banks required in exchange that the state forgo interest on its deposited constitutional funds. Also, these special demand accounts may have been technically in violation of the constitutional "pay as you go" requirement.

State Treasurer Ann Richards has proposed as a possible solution that the state issue and sell cash-management notes to raise temporary cash. The state would pay interest on these notes, but it could offset that interest cost and even gain revenue through arbitrage, i.e., investing part of the proceeds at a higher interest rate than the rate paid by the state.

The Comptroller and the Treasurer also have proposed some changes in tax collection and spending patterns that might alleviate the shortfall problem by next April. The franchise-tax due date would be moved up from June 15 to March 15. The disbursement of state funds to the Foundation School Program and to junior and senior colleges would be evened out over the year, so that large payments now made early in the year would be reduced. Also, a separate holding fund for motor-fuel tax revenue would be eliminated, with the money deposited instead in the General Revenue Fund and transferred quarterly rather than monthly to the highway fund and the Available School Fund.

#### Workers' Compensation Coverage for Farmworkers

In the June 1983 special session, Gov. White opened the call to the issue of bringing farmworkers under the state's workers' compensation law, but no bill was passed. The Joint Committee on Farmworker Insurance was later appointed to work out a compromise between employee and employer interests. The committee almost achieved a compromise last December, but final agreement proved elusive.

The breakdown in negotiations led the United Farm Workers Union to file suit, challenging on equal-protection grounds the exclusion of farm and ranch laborers from coverage under the injury-compensation law. State district court Judge Harley Clark upheld the UFW challenge, but Attorney General Jim Mattox appealed the decision. Judge Clark stayed his order, pending action on the appeal and anticipating the possibility of statutory change by the Legislature in a special session.

### Sale of TEC Buildings

The Legislature in regular session last year passed SB 1355, creating a Texas Public Building Authority with power to issue bonds to finance the acquisition, construction, or repair of buildings. The building authority was empowered to retire the bonds by renting the buildings to state agencies.

The state wants to use this bond mechanism to buy the Texas Employment Commission buildings in the capitol complex from the federal government. Questions have been raised concerning issuance of such state bonds without explicit constitutional authorization, and clarifying legislation may be considered.

### Possible Appropriation Requests

The Department of Human Resources may seek \$63.6 million for four programs: \$32.4 million for an increase in Aid to Families with Dependent Children, raising the average monthly payment from \$48 to \$60 per child; \$23.3 million to expand Medicaid coverage to include prenatal care; \$5.7 million for more staff to administer the AFDC and food-stamp programs; and \$2.2 million to increase staff for licensing and inspecting day-care facilities. The department says that the increased state funding would be matched by an additional \$68.3 million in federal dollars.

Several other state agencies may seek supplemental appropriations or ask for authority to transfer already-appropriated funds from one budget category to another. These agencies include: the Department of Mental Health and Mental Retardation; the Office of Public Utility Counsel; the Texas Human Rights Commission; the Department of Corrections; the Board of Pardons and Paroles; and the Adult Probation Commission.

Gov. White and others also have discussed the possibility of reallocating existing funds or appropriating new funds for a public-works program in areas of the state suffering higher-than-average unemployment, particularly the Rio Grande Valley.



## Prefiled Bills

Bills have been prefiled on a wide range of topics. Proposed constitutional amendments would prohibit a state personal-income tax, allow a state lottery with proceeds dedicated to teacher compensation, and prevent the maximum 40-percent homestead allowance for property taxes from dropping to 30 percent in 1985 as scheduled. Other prefiled bills deal with child passenger-safety seats, fee increases for district clerks, governmental-purchase preference for items made or grown in Texas, repeal of the blue law, an appropriation transfer for legal training for municipal-court judges, prohibiting underground disposal of hazardous wastes in flood-prone areas, and access to criminal records to investigate child-care licensees and employees.